

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6884

BILL NUMBER: SB 400

NOTE PREPARED: Dec 27, 2010

BILL AMENDED:

SUBJECT: Life Insurance and Viatical Settlements.

FIRST AUTHOR: Sen. Nugent

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill specifies certain notice requirements and restrictions for life insurers with respect to viatical settlement contracts.

Effective Date: July 1, 2011.

Explanation of State Expenditures: The bill's requirements are within the routine administrative functions of the Department of Insurance (DOI) and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Background Information: The Commissioner of the DOI must develop an informational brochure, concerning life insurance policy owner rights, at no cost to life insurance companies and insurance producers. The DOI would experience an increase in expenditures associated with providing a brochure.

Additionally, insurers that issue life insurance policies are prohibited from certain practices. If violations of provisions of the bill occur and complaints are filed, the DOI would attempt to reach a settlement with the insurers involved. If a settlement can not be reached, violators could be subject to a hearing by the Commissioner of Insurance. The bill could result in an increase in the number of instances wherein the DOI must attempt to reach a settlement or conduct a hearing, which would increase administrative expenses for the DOI.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Bill Brumbach, 232-9559.